

Economic Prospects of Portugal's African States

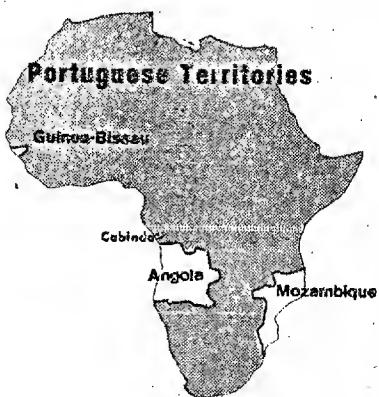
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by Lucinda Hovelskold

and David Hughes

Of Portugal's three main territories in Africa, one—Guinea Bissau—is already independent, a second—Mozambique—is well on its way toward independence, while the third—Angola—has yet to begin the process. But some sort of decoupling of all three from Portugal seems inevitable.

In terms of their economic prospects, Angola has the brightest future. Mozambique follows not far behind, while Guinea-Bissau is a poor third.

Although Portugal is divesting itself politically of these territories, its



economic influence seems likely to persist for a number of years. Portugal has given the three a common monetary and payments system, a well-integrated credit system, a preferential trade market, and a centralized development plan. Portuguese companies own most major manufacturing and transportation facilities and conduct the bulk of external trade and domestic commerce.

Rich Resources in Angola

Rich agricultural and mineral resources have enabled the Angolan economy to grow at an annual rate of 11 percent in recent years. Oil production has averaged 170,000 barrels per day in 1974, 90 percent from the exclave of Cabinda.

Angola produces diamonds and iron ore in substantial quantities and is the world's largest coffee producer. The US—the territory's leading trading

partner after Portugal—is the chief market for Angolan coffee and an important customer for its oil.

Angola's Benguela railroad is of economic importance to neighboring Zaire and Zambia. It handles half of their copper exports and a good share of their imports.

Sporadic outbreaks of civil unrest have had only a minor economic impact. Short-term credit is scarce, but most retail establishments are functioning normally. Shortages are due more to hoarding than to production or distribution problems.

Foreign exchange and banking restrictions imposed by the Portuguese government and a depressed real estate market have slowed the emigration of whites, because they find it impossible to take more than a fraction of their holdings with them. Nonetheless, some loss of managerial and technical skill is inevitable as they emigrate. In the transition to independence, Angola must develop these skills before the country's rich economic potential can be realized.

Varied Resources in Mozambique

Economic development in Mozambique will be fostered by the territory's varied agricultural resources and major transport facilities. At present, the economy is based on commercial agriculture, mainly cashew nuts, cotton, and sugar. Diverse, though generally low-grade, mineral resources remain largely unexploited, but world price trends probably will work in favor of their profitable development.

Mozambique is heavily dependent on earnings from tourism, wages repatriated by migratory labor, and transportation services provided to South Africa and Rhodesia. The territory's railroads and ports handle almost all of Rhodesia's foreign trade and about one fourth of South Africa's. In 1973, these services, plus income from tourism and the repatriated wages of 100,000 workers in

of considerable investment from South Africa, primarily for the \$500-million Cabora Bassa hydroelectric power plant. These economic facts will affect the attitude of the emerging black leaders in Mozambique. These black leaders have voiced cautious attitudes toward altering Mozambique's relations with its white neighbors.

Restrictions are not likely to be placed on South African and Rhodesian shipping over Mozambique transport routes, at least until the new government in Lourenco Marques consolidates its power. Pretoria and Salisbury, for their part, say they are willing to cooperate with an independent black government in Mozambique.

Sharply higher wage demands have become an urgent problem. Widespread strikes have caused production losses and have delayed loading and unloading at the harbors. The continued emigration of whites will leave the blacks largely unprepared to manage the modern sector of the economy.

Few Resources in Guinea-Bissau

Guinea-Bissau is the poorest of the three territories, and its economic prospects are the dimmest. Most of its population is engaged in subsistence agriculture, with rice the main crop. Production of cash crops—notably peanuts—has been disrupted by years of fighting. Many white merchants have left, and commerce will be further set back with the departure of the colonial army, which is an important customer.

Bauxite deposits—still undeveloped—are the country's only known mineral resource. (C)